



THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2020

Mission Statement

“To connect people with nature
and safeguard threatened species.”

Registered Charity SC004064

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Company Information

Contents

	Page
Company Information	2
Trustees' annual report	
Structure, governance and management	4
Objectives and activities	6
Achievements and performance	7
Financial review	9
Plans for the future	11
Statement of Trustees' responsibilities	11
Independent auditors' report to the members	13
Consolidated statement of financial activities	16
Charity statement of financial activities	17
Consolidated balance sheet	18
Cash flow statements	19
Notes to the consolidated financial statements	20

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Company Information

Royal Patron

HRH The Princess Royal

President

Ian Marchant

Board of Trustees

Jeremy Peat OBE, BA, MSc, FRSE

George Brechin OBE, BSc, CIHM Ω

Professor Mary Bownes OBE, DPhil, CBiol, FRSB, FRES, FRSE

Dr Thomas Mitchell CA, OSTJ Ω

Sandy Batho MA, FCIPD[^]

Lynne Bell FCCA Ω

Dr Karen Blackport BSc, PhD, MBA

Peter Budd CBE, BSc, CEng, FICE, MI Struct E, FCIQB, FRSA

Kerry Falconer FIOBS, MBA

John Fitzgerald BSc (Hons), FCIPD[^] Ω

Dr Deborah Long BA (Hons), PhD, FRSGS

Karen MacEachern BSc, BVMS, PhD, Cert EM, MRCWS

Professor Alan Miller BSc, PhD, CPhys, FRSE, FIEEE, FOSA, FInstP Ω

Dr Richard Rutnagur BA (Oxon), PhD

Professor Roger Wheeler OBE, FRSE[^]

Chair (resigned August 2020)

Vice Chair to August 2020, Chair from August 2020, (deceased October 2020)

Vice Chair August to October 2020, Chair from October 2020

Honorary Treasurer and was Chair of Audit and Risk Management Committee until January 2021

Chair of Nominations and Remuneration Committee

Chair of Audit and Risk Management Committee from January 2021

Vice Chair from October 2020

Chief Executive

Barbara Smith BSc (Hons), FIoD

Dr Charlotte MacDonald PhD

James Stewart BSc CA MBA

David Field BSc MBA

Resigned 31 January 2020

Appointed Interim CEO 1 February, resigned 10 April 2020

Appointed Interim CEO 11 April, resigned 31 May 2020

Appointed CEO 1 June 2020

Independent Committee appointments

Neil Dunn

Independent member of the Audit and Risk Management Committee (resigned January 2021)

Laura Lawson

Independent member of the Audit and Risk Management Committee (resigned July 2020)

Ω member of the Audit & Risk Management Committee during the year

[^] member of the Nomination and Remuneration Committee during the year

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Company Information

Head office

Edinburgh Zoo
134 Corstorphine Road
Edinburgh
EH12 6TS

Registered charity number:

SC004064

Principal advisors

External auditors

MHA Henderson Loggie
11 – 15 Thistle Street
Edinburgh
EH2 1DF

Internal auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Principal bankers

Bank of Scotland
300 Lawnmarket
Edinburgh
EH1 2PH

Investment advisors

Adam and Company Limited
25 St Andrew Square
Edinburgh
EH2 1AF

Principal solicitors

Anderson Strathern
1 Rutland Court
Edinburgh
EH3 8EY

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Structure, governance and management

Legal structure

The Royal Zoological Society of Scotland (the Society) was founded in 1909, instituted by Royal Charter in 1913, and in 1948 was granted by His Majesty King George VI the privilege of adding the prefix "Royal" to its name. Amendments to the Society's Charter and Statutes were approved by Her Majesty Queen Elizabeth II and the Privy Council in 1958, 1961, 1975, 2008 and 2015.

The Society is registered as a charity with the Office of the Scottish Charity Regulator, registration number SC004064.

Governance

The governance of the Society is vested in its Trustees and Management. Trustees undertake their duties on an unpaid voluntary basis. The management team are paid employees of the Society.

President

The President is appointed by the Board principally to act as an ambassador for the Society. The President is not a member of the Board, is not a trustee and receives no remuneration.

Board Members

Members of the Society's governing Board are the Trustees of the Society within the meaning of s106 of the Charity and Trustee Investment (Scotland) Act 2005 (the Act). The Board's role is to oversee the proper management and development of the Society according to its aims and objectives, to ensure that the Society complies with prevailing legislation and regulations, and to make decisions on the key matters facing the Society. The Board met formally nine times during the year.

The Board consists of up to twelve members elected at Annual General Meetings and up to a further three members co-opted by the Board on the recommendation of the Nominations and Remuneration Committee to complement the skills of elected Board members. Immediately after the Annual General Meeting each year the Board appoints a Chairman and Vice-Chairman from its number.

Elected Board Members are appointed for a term of four years, are eligible for a further two terms of four years and, on the recommendation of the Nominations and Remuneration Committee, may be eligible for one further four year term. No Board Member can serve for longer than 16 years in total.

If an elected member is, for whatever reason, unable to complete his/her term of appointment the Board may, on the recommendation of the Nominations and Remuneration Committee, co-opt a Member of the Society to fill the vacancy until the end of the term.

Board members co-opted based on their skills, may be co-opted for up to four years.

Principal Committees

The Audit & Risk Management Committee, which met four times in the year, comprises one Board member as Chairman, two other members of the Board and at least one independent member. Its remit includes, but is not limited to:

- conducting the appointment and management of auditors and investment managers;
- reviewing the financial statements and recommending them to the Board for approval;
- monitoring implementation of recommendations in audit reports; and
- risk management, audit and investment policy and procedures.

The Nominations and Remunerations Committee comprises one Board member as Chairman and two additional Board members. Its remit includes responsibility for identifying and recommending suitable individuals for election as Trustees and supporting the Society's Chairman in reviewing board performance. It met three times during the year.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Trustee Recruitment and Induction

In line with good governance the Board seeks to maintain a balanced mix of knowledge, skills and expertise to manage the assets of the Society effectively. The Nominations and Remuneration Committee recommends potential candidates to the Board for co-option, having first met them and understood their potential contribution, and oversees the AGM nominations and election process.

Once elected or co-opted new Board members meet with the Chief Executive and Chairman, and participate in a formal induction programme. This programme includes, among other things:

- a briefing on the Society's strategic plans;
- a briefing on their responsibilities as Trustees and the governance of the Society;
- detailed briefings from each member of the Leadership Team;
- précis of relevant policies; and
- familiarisation tours of Edinburgh Zoo and Highland Wildlife Park.

Trustees are encouraged to attend external briefing events, seminars and meetings in support of the Society from time to time as they are able. Contact between Leadership Team and the Board is encouraged through Leadership Team attendance at sub-Committee meetings, trustee participation in working groups and informal meetings.

Executive Team

The Executive Team is responsible for designing policies and procedures to support the strategies authorised by the Board, as well as managing the day-to-day operations of the Society and its trading subsidiary.

During the year the Executive Team comprised the Chief Executive, Director of Finance and Resources, Director of Engagement, Director of Conservation and Living Collections and Director of Human Resources.

Risk management

The Society's risk register is reviewed at each meeting of the Audit & Risk Management Committee and by the Board bi-annually, or as high priority risks emerge. The Board has conducted its annual review of the major risks to which the Society is exposed and associated actions, procedures and contingency plans to mitigate those risks and is satisfied with the management of those risks.

The key risk to the Society in 2021 is the ongoing impact of the pandemic. Visitor and income targets have been reduced in 2021 in response to the restrictions and costs cut across the organisation to allow the Society to generate a surplus. Although both parks have been closed for most of the first three months of 2021 income from fundraising and government support has been able to mainly offset this. It is anticipated that mass vaccination will allow restrictions to ease and that visitor demand will be high for both of our parks in the summer. Bank borrowing has been put in place and is providing increased liquidity during these uncertain times.

Internal audit

The Society's Internal Audit function provides assurance to the Audit and Risk Management Committee over the operations of the Society's systems of governance, risk management and internal control.

Delivery of internal audit is outsourced to Wylie and Bisset LLP, who were appointed in November 2018 following a competitive tender.

Remuneration of key management

The Society's Nominations and Remuneration Committee sets the pay level of the Chief Executive on an annual basis with reference to performance and relevant sector benchmarking.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Objectives and activities

Charitable objectives

The charitable objects (Objects) of the Society are set out in the Royal Charter. These are:

- the advancement of animal welfare by promoting the conservation of threatened species and habitats; and
- the advancement of education through the above mentioned object and by promoting, facilitating and encouraging the study of zoology, animal physiology, pathology, dietetics and kindred subjects and to foster and develop among the wider public an interest in and knowledge of animal life.
- In the furtherance of the above mentioned objects, the Society can carry out the following:
 - (a) investigate the habits, migrations and life histories of animals now or formerly occurring in Scotland and in Scottish seas and to disseminate knowledge thereof;
 - (b) effect the conservation of wild animals and their habitats in Scotland, and to promote legislation thereof; and if deemed necessary to oppose legislation tending to have adverse influence thereon;
 - (c) establish, equip, carry on and develop zoological parks or gardens and living zoological collections at such places in Scotland as the Society shall determine;
 - (d) take part in conservation and research fieldwork and related activities in other countries and where appropriate for conservation purposes collect samples of animals and plants for return to the Society;
 - (e) at such times and places as the Society may deem expedient, establish, equip, provide and maintain an animal hospital, a museum or museums, a library or libraries, a laboratory or laboratories to assist the study of zoology and kindred subjects; and lecture rooms and institute lectures and demonstrations;
 - (f) create, offer, promote and award honours, medals and certificates for services rendered to the science of zoology, or to the objects and work of the Society and to institute Fellowships;
 - (g) promote by such means as the Society may deem expedient a knowledge of animal life and habits among the pupils and students of schools and educational institutions; and
 - (h) commission, produce, distribute, publish and pay the cost of publishing books, pamphlets, and other literature which the Society may regard as tending to further its objects or as being of service to the science of zoology and to contribute to and promote such literature.”.

The Society interprets these detailed objectives as being the promotion and pursuit of Conservation, Education and Research in the sphere of Animal and Zoological Science.

Principal objectives for the year

The objectives in 2020 were:

- achieving targeted levels of visitor numbers;
- keeping costs under control, focusing on revenue-generating activities and targeting a sustainable surplus;
- enhancing the visitor experience by refocusing the Animal Collection and making improvement to the Estate;
- seeking funding and working in partnership to further enhance our research and conservation programmes and improve our facilities;
- Continuing to fulfil our mission objectives.

Significant activities

The principal activities of the Society are the pursuit of Conservation, Education and Research activities funded through grants and the surpluses generated from operating the two animal parks in Edinburgh and Kincaig.

The Society owns and operates Edinburgh Zoo and the Highland Wildlife Park. The commercial activities of the Society are carried on by its wholly-owned subsidiary, Ark Enterprises Limited (Ark). Taxable profits generated by Ark are donated to the Society under Gift Aid legislation. The results of Ark are consolidated into the financial statements on pages 16 to 40.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Achievements and performance

Membership

Membership grew 4% from 30,069 in 2019 to a record 31,257. This was reflective of increased promotional activity and a focus on membership retention.

Volunteers

The Society benefits significantly from the active support of volunteers both at Edinburgh Zoo and the Highland Wildlife Park. The Society is indebted to the work and dedication of our volunteers and we thank them for all that they do. Without their time, effort and unfaltering commitment to our cause we simply could not deliver the levels of informal public engagement with visitors throughout the year.

Department	Number of Volunteers
Edinburgh Zoo	118
Highland Wildlife Park	14

Volunteers undertake a wide range of activities which include supporting staff, visitor engagement, assisting with formal education sessions, acting as animal wardens, collation of membership packs and general administration. Volunteers are required to attend training and are subject to appropriate oversight to ensure they remain safe and follow the policies and procedures of the Society. During 2020 we continued to engage with and communicate with our volunteers even while we were closed or restrictions meant that we couldn't have them on site, which has ensured retention during this unprecedented time.

Visitors

Edinburgh Zoo welcomed 296,000 visitors in 2020, a decrease of 44% on 2019. This decrease can be attributed to the pandemic which closed the park from mid-March to the end of June. Visitor numbers were then restricted for the remainder of the year due to health reasons. At the Highland Wildlife Park the number of visitors was 104,000, a 27% decrease on 2019. This decrease was similarly linked to the pandemic. Despite the pandemic, Edinburgh Zoo hosted a Christmas Lights event over the winter months which attracted 46,000 visitors between November 2020 and early January 2021.

Conservation, engagement and research

Native Species

Scottish Beavers - The [final report from the Scottish Beavers](#) partnership was published. Its submission marks the end of our 11-year involvement in the Knapdale reintroduction. The Beaver Project was also highlighted as a case study in the Scottish Environment Link [Still Delivering the Goods Report](#). We continue to focus on giving advice on the future management of beavers in Scotland via the Scottish Beaver Forum. We are also working on a genetic analysis of the reintroduction in Scotland, and are conducting a genetic analysis of the English reintroduction in collaboration with Natural England. A major study on beaver health was also published by the RZSS veterinary team.

Saving Wildcats - The six year, EU funded, project commenced and construction of the breeding centre is well underway. The first round of field data has been gathered from cameras deployed across the study site. The first [community webinar](#) was held over Zoom with almost 400 attendees.

Pine Hoverfly - After an extremely successful breeding season for the pine hoverfly, we are building a new facility at the Highland Wildlife Park. We continue to work with the Pine Hoverfly Steering Group on potential future release strategies.

International and overseas territories

Budongo Conservation Field Station Uganda - The field team were able to continue critical monitoring and protection of Chimpanzees in the Budongo Forest during the Covid-19 crisis.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Pantanal and Cerrado (Giant armadillos & anteaters) -The team have been able to go into the field during lockdown to continue biological monitoring but have halted most educational and outreach initiatives. Following serious fires, they launched a community firefighting initiative in the Pantanal with the aim of protecting 1,500km² of land.

Antelope - WildGenes finalised a major report for the Environment Agency of Abu Dhabi on the Scimitar-horned oryx reintroduction to Chad and other addax and dama gazelle work. WildGenes have now been awarded a new contract to continue this conservation genetic research. The team are also working on a genetic evaluation of the reintroductions of Addax to Tunisia in collaboration with partners.

Arabian Tahr - WildGenes published the first genetic study on the Endangered Arabian Tahr <https://link.springer.com/article/10.1007/s42991-020-00072-4>

Gough Island Mouse Eradication Project - Dr Adam Naylor travelled to Gough Island to act as lead vet to the RSPB during this major operation. The project was unfortunately aborted due to the Covid-19 crisis. Dr Georgine Cole will however continue this work with a trip to the Island in 2021.

Pallas's cat - we continued with our Pallas's cat conservation programme providing small grants and technical support to a number of researchers across central Asia to complete vital research on this understudied species.

WildGenes

The WildGenes lab remains one of the top labs in Europe using genetic data to inform conservation management policies. Aside from the project mentioned above, work was ongoing on Capercaillie, Siamese Crocodile, Himalayan Wolf, Nubian Ibex, Pygmy Hippo and other species. We continue to act as a biobanking hub for two biobanking projects. The RZSS WildGenes lab team have also continued to provide technical support via video training sessions to our partner project in Cambodia during lockdown.

Engagement

Throughout 2020 the Discovery and Learning team continued to develop their engagement practices delivering strong links to our conservation work and supporting the wider engagement and fundraising efforts during closure, re opening and continued restrictions. During closure and furlough we refocused and turned delivery online. This was aimed at supporting families and those now learning from home. All activities were totally free. Linking in with the Communication, Conservation and Development teams we ensured that these activities also supported the wider RZSS messaging. As we opened and restrictions lifted we focused on interpretation and updates across both sites and supported the Christmas Nights event, We adapted our formal learning offer to support education institutions, who were not able to visit and developed virtual packages for community groups, outreach and formal learning.

Research

RZSS continued to play a lead role in both conducting and facilitating scientific research. The veterinary team authored 11 peer-reviewed scientific articles including the first summation of disease over the last 10 years in beaver reintroductions in the UK and the first paper demonstrating successful prevention of toxoplasmosis mortalities in Pallas' cat kittens in the EAZA EEP. Toxoplasmosis was previously the cause of 75% mortality rates in the first year of life in this species which has now been reduced to around 5% in those following the new published protocols. RZSS continued to play a key role in facilitating world ranking primatology research through its management of the Living Links facility and the Budongo Research Unit (BRU), led by the University of St Andrews in partnership with RZSS Edinburgh Zoo

Animal Collection

RZSS has its own collection planning process for each of its parks, which is strongly influenced by the European Association of Zoos and Aquariums' (EAZA) regional collection plans, but also takes into consideration our own mission, aims, geography, facilities, expertise, history and budget.

Over the past 12 months there have been 53 births at Edinburgh Zoo and 64 at the Highland Wildlife Park. The most memorable being the western chimpanzee, Queensland koala, and Przewalski's horses. Meanwhile, our ongoing success in breeding Scottish wildcats reminds us of the importance of the work we do with the endangered species we house in our collections.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Financial review

Trading performance

Visitors to both parks fell substantially in 2020 due to the pandemic and resulting closure for nearly three months followed by restricted visitor levels. Visitor income fell by £2.7m (36%). Trading income from retail and catering was also impacted falling by £2.5m (50%). Income from events also fell due to the Brick Live event and a larger winter light event in 2019.

Restricted income was £2.2m lower in 2020 due to higher than normal receipts in 2019 including the first EU Life support payment of £1m and the £1.5m compensation payment.

Donations and grants were an important source of income in 2020 increasing by £1.4m providing much needed funding in a difficult trading environment. This included £620k of furlough support claimed from HMRC.

Costs in 2020 have been tightly controlled and fell by £2.9m. Trading costs fell by £1.7m (55%) related to retail and catering. Visitor costs fell by £0.3m related to marketing and providing education visits. Events costs reduced by £0.5m as a smaller winter lights event was run and there was no equivalent of the Brick Live event in 2020. Support costs were also down by £0.4m mainly related to reduced property and estates activity.

Despite the initial sharp fall in early 2020 the investment portfolio recovered well, delivering a gain of £153k.

Overall the Society achieved a net deficit of £1.3m in 2020 (2019 surplus £3m). The net movement in funds for the year was a deficit of £2.5m (2019 surplus £5.4m) after taking account the valuation of the pension fund.

Pension Scheme

The Society operates two pension schemes: a defined benefit scheme which closed to future accrual with effect from 1 October 2008 and a defined contribution scheme established on 1 April 2008.

The financial results for the year reflect the results of the full actuarial valuation of the Society's defined benefit pension scheme at 1 April 2018, updated as at 31 December 2020 in accordance with the requirements of Financial Reporting Standard 102. The pension deficit is £1,445,000 at 31 December 2020 (2019: £325,000). This increase in deficit is due to the combined impact of the funding position, discount rates and market conditions; all external factors.

Members of the defined benefit scheme were offered membership of a new defined contribution scheme with effect from 1 October 2008. All core staff have been and continue to be offered the option to join the Society's defined contribution scheme. Unless employees opt out, the minimum employee contribution is 4% of pensionable salary and the Society matches contributions up to a maximum of 5%.

Reserves Policy

The Board has established a reserves policy whereby free reserves should approximate to at least 3 months of the minimum resources required to sustain operations. This policy equates to approximately £2.7m. At this level the Board considers that it would be able to continue the current activities of the Society in the event of a significant drop in funding.

The Society's free reserves (excluding pension liabilities) are in a deficit of £0.8m (2019: surplus £1.8m). Free reserves reduced in 2020 as a result of the deficit related to the pandemic and continued investment in the estate at Edinburgh Zoo. Despite this the Society has sufficient liquidity as a result of the loans secured and the investments. The Board is committed to rebuilding the charity's reserves in the future.

Principal income movements (£m)

Income 2019	£21.0
Visitors	-£2.7
Trading (retail/catering)	-£2.5
Events	-£0.2
Other	-£0.5
Restricted	-£2.2
Grants, donations and legacies	+£1.4
Income 2020	£14.3

Principal expense movements (£m)

Expenditure 2019	£18.6
Trading (retail/catering)	-£1.7
Visitor Services	-£0.3
Events	-£0.5
Support Costs	-£0.4
Expenditure 2020	£15.7

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Going Concern

The coronavirus pandemic had a material impact upon the Society's operations and financial position in 2020 and continues to in 2021. The Trustees have considered very carefully the financial resilience of the Society over the next 12 months and considered carefully the most likely outcome, considering:

- projected cash flows for 2021 and 2022 taking account of a large number of factors and reasonableness of the assumptions therein;
- trading to date in 2021;
- the receipt of a Coronavirus Business Interruption loan of £5m (repayable over 6 years) and a Third Sector Resilience Fund Loan of £160k (repayable over 5 years);
- the reopening of Edinburgh Zoo and the Highland Wildlife Park to the public in March 2021;
- successful fundraising during the three months to March 2021 which has raised more than £735k;
- the receipt of grant income of £144k to support operations during the crisis;
- support from HM Government including the Coronavirus Job Retention Scheme of £174k;
- the rescheduling of payments to the China Wildlife Conservation Association under the Giant Panda protection funding agreement;
- the rescheduling of payments under the defined benefit pension recovery plan.

Taking all the foregoing into account, the Trustees have formed the view that the Society remains a Going Concern and has adequate funds in place to sustain its on-going operations.

Investment powers and policy

Under the terms of the Royal Charter, the Society has powers to invest. The trustees, having regard to the liquidity requirements of the Society and its reserves policy, hold a range of investments in order to secure a better rate of return than bank deposits.

Our investments are managed by the Society's investment managers, Adam and Company. Trustees are mindful that certain investments bear a higher risk than others and have issued the Investment Manager with instructions to pay particular attention to the risk and volatility of the Society's portfolio relative to current market conditions. The Audit and Risk Management Committee receive regular reports and are satisfied with the performance of the portfolio during 2020 considering the general performance of the market.

During 2020 the portfolio increased in value by 4% to £3.5 million.

Taxation

The Society is recognised as a charity by HM Revenue and Customs for the purposes of the Corporation Tax Act 2000 part II and is exempt from income and corporation tax on its charitable activities. Consequently, no tax is payable on the surplus for the year.

The Society's wholly owned subsidiary, Ark Enterprises Limited, is not exempt from corporation tax. However, Ark Enterprises limited gifted its net distributable taxable profits to the Society in 2019 and 2020. These represent qualifying donations under s191 to s202 of the Corporation Tax Act 2010. Consequently, Ark has a small liability to corporation tax of £36k in 2020 (2019: £19k).

Auditors

MHA Henderson Loggie were re-appointed as the Society's external auditors at the AGM in August 2020. The work carried out by the auditors does not involve consideration of the publication of our financial results on the Society website.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Plans for the future

In May 2017 the Board of Trustees approved a new five-year Strategy Plan (2018 – 2022).

There are six strategic goals:

- **Our animals:** Providing exemplary animal care within an engaging, diverse and mission focused collection
- **Our people:** Realising the aspirations of our staff, volunteers and other stakeholders as part of one RZSS team
- **Conservation:** Applying our collective expertise to species restoration both in Scotland and around the world
- **Engagement:** Moving people from empathy to action through innovative conservation education and memorable experiences
- **Research:** Enabling evidence-based conservation activity through research and partnerships
- **Sustainable growth:** Growing a sustainable and diverse business, built from two world-class visitor attractions

A new strategy is being developed by the Chief Executive and the Board.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Trustees' annual report

Statement of Trustees' responsibilities

The Law Reform (Miscellaneous Provisions) (Scotland) Act 1990, the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 require the trustees to ensure that accounts are prepared for each financial year which give a true and fair view of the affairs of the Society for that period. In preparing these accounts the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Society will continue in operation;
- Ensure that proper accounting records are kept;
- Take adequate steps to safeguard the assets of the Society; and
- Take reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with charities legislation, as a Board of Trustees, we confirm that:

- As a Board of Trustees we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information; and
- So far as we are aware, there is no relevant audit information of which the Society's auditors are unaware.

Professor Mary Bownes
Chair

On behalf of the Board of Trustees

29 April 2021

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Independent Auditor's Report for the Members of the Royal Zoological Society of Scotland For the year ended 31 December 2020

Opinion

We have audited the financial statements of The Royal Zoological Society of Scotland (the 'charity') for the year ended 31 December 2020 which comprise the group and parent charity Statements of Financial Activities, the group and parent Balance Sheets, the group and parent charity Cashflow Statements and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 December 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We draw attention to note 1 in the financial statements, which describes the Trustees' assessment of the current and future effects of the Covid-19 pandemic on the charity and the implications for its ability to continue as a going concern and the steps the Trustees are taking to mitigate the risk including opening Edinburgh Zoo and the Highland Wildlife Park under strict conditions to ensure social distancing can be maintained and taking advantage of reliefs made available by HM Government. These conditions, along with other matters set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Independent Auditor's Report for the Members of the Royal Zoological Society of Scotland For the year ended 31 December 2020

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities and Trustee Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- proper accounting records have not been kept, or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Independent Auditor's Report for the Members of the Royal Zoological Society of Scotland For the year ended 31 December 2020

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiries with management, the internal audit function and legal counsel about any known or suspected instances of non-compliance with laws and regulations and fraud
- Reading correspondence with regulators including the Health and Safety Executive and the City of Edinburgh Council
- Reviewing board minutes
- Reviewing Internal Audit reports
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to investment property valuations and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Zoo licencing, Health and Safety; employment law (including the Working Time Directive); anti-bribery and corruption; and compliance with charity legislation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the Trustees, as a body, in accordance with Section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its members as a body for our audit work, for this report, or for the opinions we have formed.



MHA Henderson Loggie

Chartered Accountants and Statutory Auditor

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

11 – 15 Thistle Street,

Edinburgh

EH2 1DF

14 May 2021

MHA Henderson Loggie is a trading name of Henderson Loggie LLP

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Consolidated Statement of Financial Activities

For the year ended 31 December 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and legacies	2	1,983,400	1,115,729	-	3,099,129	2,419,203
Charitable activities	3	6,914,957	4,773	-	6,919,730	10,041,048
Other trading activities	4	3,535,186	-	-	3,535,186	6,302,693
Investments	5	647,457	-	8,325	655,782	638,129
Other	6	54,784	-	-	54,784	1,563,059
Total income and endowments		13,135,784	1,120,502	8,325	14,264,611	20,964,132
Expenditure on:						
Raising funds	7	3,178,267	-	2,655	3,180,922	5,061,883
Charitable activities	8	11,468,771	1,080,681	-	12,549,452	13,517,976
Total expenditure		14,647,038	1,080,681	2,655	15,730,374	18,579,859
Gross transfers between funds	22,23	8,325	-	(8,325)	-	-
Gains/(losses) on investment assets	15,23	117,465	-	35,407	152,872	588,276
Net income/expenditure		(1,385,464)	39,821	32,752	(1,312,891)	2,972,549
Other recognised gains/losses						
Gains/(losses) on investment property	14	-	-	-	-	2,450,000
Actuarial gains/(losses) on defined benefit pension scheme	28	(1,172,200)	-	-	(1,172,200)	(49,800)
Other gains/(losses)		-	-	-	-	-
Net movement in funds		(2,557,664)	39,821	32,752	(2,485,091)	5,372,749
Reconciliation of funds						
Total funds brought forward at 1 January 2020	21-23	16,721,829	6,601,383	494,174	23,817,386	18,444,637
Total funds carried forward at 31 December 2020	21-23	14,164,165	6,641,204	526,926	21,332,295	23,817,386

None of the Society's activities were acquired or discontinued during the above two financial years.

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Statement of Financial Activities For the year ended 31 December 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Fund £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and legacies	2	1,911,705	1,115,729	-	3,027,434	2,419,203
Charitable activities	3	6,914,957	4,773	-	6,919,730	10,041,048
Other trading activities	4	1,033,796	-	-	1,033,796	1,412,939
Investments	5	984,265	-	8,325	992,590	1,598,189
Other	6	244,784	-	-	244,784	1,813,933
Total income and endowment		11,089,507	1,120,502	8,325	12,218,334	17,285,312
Expenditure on:						
Raising funds	7	1,131,990	-	2,655	1,134,645	1,383,062
Charitable activities	8	11,468,771	1,080,681	-	12,549,452	13,517,976
Total resources expended		12,600,761	1,080,681	2,655	13,684,097	14,901,038
Gross transfers between funds	21,23	8,325	-	(8,325)	-	-
Gains/(losses) on investment assets	15,23	117,465	-	35,407	152,872	588,276
Net income/expenditure		(1,385,464)	39,821	32,752	(1,312,891)	2,972,550
Other recognised gains/losses						
Gains/(losses) on investment property	14	-	-	-	-	2,450,000
Actuarial gains/(losses) on defined benefit pension scheme	28	(1,172,200)	-	-	(1,172,200)	(49,800)
Other gains/(losses)		-	-	-	-	-
Net movement in funds		(2,557,664)	39,821	32,752	(2,485,091)	5,372,750
Reconciliation of funds						
Total funds brought forward at 1 January 2020	21-23	16,720,926	6,601,383	494,174	23,816,483	18,443,733
Total funds carried forward at 31 December 2020	21-23	14,163,262	6,641,204	526,926	21,331,392	23,816,483

None of the Society's activities were acquired or discontinued during the above two financial years.

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Consolidated Balance Sheet

As at 31 December 2020

	Notes	Group		Charity	
		2020 £	2019 £	2020 £	2019 £
Fixed assets	14	21,307,385	20,432,004	21,134,215	20,220,114
Investments	15	3,537,315	3,402,658	3,537,317	3,402,660
Current assets					
Stocks	16	331,273	429,480	85,692	105,724
Debtors	17	1,489,308	1,470,825	2,969,720	2,147,707
Cash at bank and in hand		6,864,033	1,065,716	5,656,071	742,784
		<u>8,684,614</u>	<u>2,966,021</u>	<u>8,711,483</u>	<u>2,996,215</u>
Creditors: amounts falling due within one year	18	(3,864,557)	(2,545,576)	(3,749,669)	(2,402,184)
Net current assets / (liabilities)		<u>4,820,057</u>	<u>420,445</u>	<u>4,961,814</u>	<u>594,031</u>
Total assets less current liabilities		<u>29,664,757</u>	<u>24,255,107</u>	<u>29,633,346</u>	<u>24,216,805</u>
Creditors: amounts falling due after one year	19	(6,856,954)	(75,322)	(6,856,954)	(75,322)
Provision for other liabilities	20	(30,508)	(37,399)	-	-
Defined benefit pension scheme liability	28	(1,445,000)	(325,000)	(1,445,000)	(325,000)
Net assets		<u>21,332,295</u>	<u>23,817,386</u>	<u>21,331,392</u>	<u>23,816,483</u>
Funds					
Unrestricted reserves	21				
General reserve		7,009,165	8,446,829	7,008,262	8,445,926
Revaluation reserve		8,600,000	8,600,000	8,600,000	8,600,000
Pension reserve	28	(1,445,000)	(325,000)	(1,445,000)	(325,000)
Total unrestricted reserves		<u>14,164,165</u>	<u>16,721,829</u>	<u>14,163,262</u>	<u>16,720,926</u>
Restricted funds	23	6,641,204	6,601,383	6,641,204	6,601,383
Endowment funds	23	526,926	494,174	526,926	494,174
		<u>21,332,295</u>	<u>23,817,386</u>	<u>21,331,392</u>	<u>23,816,483</u>

The financial statements were approved and authorised for issue by the Board on 29 April 2021

Dr Thomas Mitchell

On behalf of the Board of Trustees

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Cash Flow Statements For the year ended 31 December 2020

Group	Notes	2020 £	2020 £	2019 £	2019 £
Net cash inflow from operating activities	25		32,922		2,566,330
Investing activities					
Payments to acquire investments		(99,387)		(293,946)	
Payments to acquire tangible fixed assets		(2,244,744)		(3,517,413)	
Proceeds from disposal of investments		158,978		861,998	
Proceeds from disposal of tangible fixed assets		9,708		400	
Investment income		<u>655,782</u>		<u>638,129</u>	
			(1,519,663)		(2,310,832)
Financing activities					
Bank loans repaid		7,363,066		(222,925)	
Finance leases repaid		(7,437)		(7,437)	
Interest paid		<u>(29,195)</u>		<u>(17,464)</u>	
			7,326,434		(247,825)
(Decrease)/Increase in cash	27		<u><u>5,839,693</u></u>		<u><u>7,674</u></u>

Charity	Notes	2020 £	2020 £	2019 £	2019 £
Net cash inflow from operating activities	25		(1,215,910)		1,429,443
Investing activities					
Payments to acquire investments		(99,387)		(293,946)	
Payments to acquire tangible fixed assets		(2,217,751)		(3,513,066)	
Proceeds from disposal of investments		158,978		861,998	
Proceeds from disposal of tangible fixed assets		9,708		400	
Investment income		<u>992,590</u>		<u>1,598,189</u>	
			(1,155,862)		(1,346,425)
Financing activities					
Bank loans repaid		7,363,066		(222,925)	
Finance leases repaid		(7,437)		(7,437)	
Interest paid		<u>(29,195)</u>		<u>(17,464)</u>	
			7,326,434		(247,825)
(Decrease)/Increase in cash	27		<u><u>4,954,662</u></u>		<u><u>164,807</u></u>

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements For the year ended 31 December 2020

1 Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention with the exception of revalued investment assets and investment property and are in accordance with applicable accounting standards, including the Statement of Recommended Practice FRS102 (SORP FRS102) "Accounting and reporting by charities" and in accordance with Financial Reporting Standard 102 (FRS102). Under FRS102 the Society is a public Benefit Entity.

The financial statements are presented in sterling (£).

Going Concern

The financial statements have been prepared on a going concern basis. The Trustees have considered relevant information, including forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and government restrictions continue to have a significant impact on the charity's operations. In line with Government guidelines both Edinburgh Zoo and the Highland Wildlife park closed to visitors from 4 January 2021. Both Parks reopened in March under strict conditions including limits on the number of visitors, implementation of social distancing measures, a one way system round the park and certain facilities remaining closed (including indoor enclosures and indoor catering). The Society is very grateful for the significant support it has received from the Government and from the public with several successful fundraising campaigns.

In response to the COVID-19 pandemic, the Trustees have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact. In making these assessments the key scenarios and assumptions (including how long the effect of COVID-19 will last) are as follows:

- Both Edinburgh Zoo and the Highland Wildlife Park reopened to the public in March. Visitor numbers are limited to ensure measures to allow social distancing are effective. Thereafter visitor numbers are forecast to increase gradually. Visitor income (from admissions, catering and retail) has been reduced in line with the reduced visitor numbers.
- The organisation has received support from the Scottish Government through a grant of £678k.
- A series of successful fundraising campaigns have raised more than £735k
- Staff have been furloughed under the Government Coronavirus Job Retention Scheme.
- Costs have been amended to reflect the rescheduling of payments under the defined benefit pension recovery plan and a rescheduling of payments to the China Wildlife Conservation Association under the Giant Panda protection funding agreement.

Although the forecast prepared taking accounts of the matters above, support the ability of the charity to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID 19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

The Trustees have concluded that these circumstances give rise to a material uncertainty however given the result of these assessments including the measures that could be undertaken to mitigate the current adverse impacts, and the current resources available, the Trustees are of the opinion that they can continue to adopt the going concern basis in preparing the annual report and accounts.

The financial statements do not include any adjustment that may arise in the event that the charity is unable to realise its assets and discharge its liabilities in the normal course of business.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements For the year ended 31 December 2020

Consolidation

The accounts consolidate the results and net assets and liabilities of the Society's wholly owned subsidiary company, Ark Enterprises Limited. The investment is held at cost.

Fixed assets

Assets that are considered to have a useful life of over a year are capitalised at cost. Fixed assets are included in the Balance Sheet at cost less depreciation. Capital items (other than computer hardware and software) costing less than £500 are written off to the Statement of Financial Activities (SOFA) in the period of acquisition. Items of computer hardware and software costing less than £250 are written off to the Statement of Financial Activities (SOFA) in the period of acquisition.

Investment property is valued at open market value every five years by an external valuer. The Trustees review this value for reasonableness each year. All surpluses and deficits on valuation are transferred to a revaluation reserve and taken to the SOFA for the year. No depreciation or amortisation is provided in respect of investment properties.

Depreciation

Depreciation is provided on all fixed assets with the exception of heritable land and investment properties, in the year in which the fixed assets are brought into use. The rates of depreciation are calculated so as to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Property:	Property Improvements	4-10 years
	New Buildings	25 years
Vehicles		4 years
Plant and Machinery		4-10 years
Office Equipment		4 years
Computer Software		3 - 5 years
Computer Hardware		4 years

Animals

Animals are generally acquired by the Society from other zoological organisations at zero cost or bred in our parks, and a realistic valuation cannot be placed thereon. Many of the animals acquired are held in trust with other zoological societies at zero cost.

Investments

Investments comprise investments in quoted equity instruments which are measured at fair value. Changes in fair value are recognised in the SOFA in the year in which they arise.

Stocks

Retail stocks are valued at the lower of cost and estimated selling price less cost to sell. Animal feed is valued at cost.

Debtors

Short term debtors are measured at transaction price.

Creditors

Short term creditors are measured at transaction price.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements For the year ended 31 December 2020

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Non basic financial instruments include all derivatives such as foreign exchange forward contracts and interest rates swaps. All are recognised on the balance sheet and measured at fair value. This means that at each period end the instrument is revalued and the movement is recognised in the SOFA.

Capital grants and donations

Assets funded by restricted reserves are capitalised and the depreciation is recognised as an expense of the restricted reserve.

Employees

Short term employee benefits and contributions to defined contribution pension plans are recognised as an expense in the period in which they are incurred.

Pensions

Defined benefit pension scheme

The Society operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Society.

Pension scheme assets are measured using bid price values at balance sheet date. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on AA-rated corporate bonds with a term and currency equivalent to that of the assets and liabilities of the pension scheme.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is reflected in the SOFA.

Defined contribution pension scheme

The Society also operates a pension scheme providing benefits based on contributions. The employer matches contributions with those of employees up to a maximum of 5% of salary. Employer contributions are charged to the SOFA in the period to which they relate.

Reserves

The Society has a number of restricted income funds to account for situations where donors require that their donations must be spent on a particular purpose or where funds have been raised for a specific purpose. Any surplus on these restricted income accounts are held as restricted reserves.

The Society has one endowment fund, the J W Gibb Fund, which was established following the receipt of a legacy. The income is for the maintenance and upkeep of animals. This fund is held as an endowment reserve.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements For the year ended 31 December 2020

Income and endowments

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that confirmation or probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Annual membership subscriptions are recognised in the period to which they relate. Subscriptions received that relate to future periods are treated as deferred income.

Income from investments is recognised in the SOFA in the year in which it is receivable.

The Society leases out part of its land to the east of Edinburgh Zoo. This income is recognised in the SOFA in the year in which it is receivable.

Donated goods, facilities and services

Donated services and facilities are recognised as income when the charity has control over the item(s), any conditions attached have been met, the receipt of economic benefit from the use of the item(s) is probable and the economic benefit can be measured reliably. In accordance with Charity SORP (FRS 102), volunteer time is not recognised. Their contribution is however highlighted in the Trustees' Report.

On receipt, donated goods, services and facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have had to pay to obtain the equivalent economic benefit on the open market. A corresponding amount is also recognised as expenditure in the period of receipt.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified as either expenditure on raising funds or expenditure on charitable activities. Expenditure on raising funds are the costs incurred in attracting voluntary income, in the catering and retail activities and investment management costs. Expenditure on charitable activities include expenditures incurred on animal welfare, education and conservation activities, the main charitable objectives of the Society.

Expenditure allocation

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include the costs of Property and Estates, Finance and IT, Human Resources and Health and Safety. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 9.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements For the year ended 31 December 2020

Taxation and VAT

The charge for taxation comprises current and deferred tax recognised in the year. Current tax is the amount of tax payable in respect of the taxable profit for the year or the prior year. Deferred tax arises from timing differences that are differences between taxable profits and the profits as stated in the financial statements. Current and deferred tax are calculated on the basis of tax rates and laws that have been enacted by the year end.

The Society is subject to a partial VAT exemption. Accordingly all expenditure is stated inclusive of irrecoverable VAT where applicable.

Leasing and hire purchase commitments

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the SOFA in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the SOFA on a straight line basis over the lease term.

Foreign Exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denoted in foreign currencies are translated using the contract rate or the rate of exchange ruling at the balance sheet date and gains or losses on translation are included in the statement of financial activities.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Society's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group as a lessor are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Fixed assets are also assessed as to whether that are indicators of Impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

The following are the group's key sources of estimation uncertainty:

The value of the deficit in the defined benefit pension fund is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of the liabilities, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future pension increases are based on expected future inflation rates.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2 Donations and legacies

Charity and Group	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Grants	1,115,468	674,265	-	1,789,733	2,080,088
Donations	711,305	441,464	-	1,152,769	160,994
Legacies	156,627	-	-	156,627	178,121
	<u>1,983,400</u>	<u>1,115,729</u>	<u>-</u>	<u>3,099,129</u>	<u>2,419,203</u>

Year end 31 December 2019	<u>623,895</u>	<u>1,795,308</u>	<u>-</u>	<u>2,419,203</u>
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Charity	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Grants	1,046,562	674,265	-	1,720,827	2,080,088
Donations	708,516	441,464	-	1,149,980	160,994
Legacies	156,627	-	-	156,627	178,121
	<u>1,911,705</u>	<u>1,115,729</u>	<u>-</u>	<u>3,027,434</u>	<u>2,419,203</u>

Year end 31 December 2019	<u>623,895</u>	<u>1,795,308</u>	<u>-</u>	<u>2,419,203</u>
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Income from Grants includes the following Government Grants:

	2020 £	2019 £
Scottish Government	-	650
HMRC	631,486	-
Scottish Enterprise	-	26,880
Edinburgh City Council	21,999	32,998
European Commission/Executive Agency for Small and Medium Sized Enterprises	-	944,141
	<u>653,485</u>	<u>1,004,669</u>

3 Income from charitable activities

Charity and Group	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Admissions - Edinburgh Zoo	3,479,262	-	-	3,479,262	5,960,299
Admissions - Highland Wildlife Park	1,395,397	-	-	1,395,397	1,622,551
Animal adoption	267,994	-	-	267,994	142,084
Membership subscriptions	1,406,963	-	-	1,406,963	1,518,369
Education	41,712	600	-	42,312	290,305
Conservation	210	4,173	-	4,383	34,371
Other income	323,419	-	-	323,419	473,069
	<u>6,914,957</u>	<u>4,773</u>	<u>-</u>	<u>6,919,730</u>	<u>10,041,048</u>

Year end 31 December 2019	<u>10,006,923</u>	<u>34,125</u>	<u>-</u>	<u>10,041,048</u>
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In April 2006 rules regarding the Government's Gift Aid scheme were changed resulting in the Society asking all visitors for a voluntary donation in addition to the standard admission price. This voluntary donation then enabled the Society to reclaim tax directly from the Government on the total paid by the visitor.

4 Income from other trading activities

Group	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Retail operations - Edinburgh Zoo	952,298	-	-	952,298	1,452,727
Retail operations - Highland Wildlife Park	287,543	-	-	287,543	337,012
Catering operations - Edinburgh Zoo	927,687	-	-	927,687	2,662,113
Catering operations - Highland Wildlife Park	263,991	-	-	263,991	437,902
Events	953,409	-	-	953,409	1,125,488
Other income	150,258	-	-	150,258	287,451
	<u>3,535,186</u>	<u>-</u>	<u>-</u>	<u>3,535,186</u>	<u>6,302,693</u>

Year end 31 December 2019	<u>6,302,693</u>	<u>-</u>	<u>-</u>	<u>6,302,693</u>
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Charity	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Events	953,409	-	-	953,409	1,125,488
Other income	80,387	-	-	80,387	287,451
	<u>1,033,796</u>	<u>-</u>	<u>-</u>	<u>1,033,796</u>	<u>1,412,939</u>

Year end 31 December 2019	<u>1,412,939</u>	<u>-</u>	<u>-</u>	<u>1,412,939</u>
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THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5 Investment income

Group	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Rent from land & buildings	593,297	-	-	593,297	560,871
Income from listed investments	53,137	-	8,325	61,462	76,846
Interest	1,023	-	-	1,023	412
	<u>647,457</u>	<u>-</u>	<u>8,325</u>	<u>655,782</u>	<u>638,129</u>
Year end 31 December 2019	<u>627,889</u>	<u>-</u>	<u>10,240</u>	<u>638,129</u>	

Charity	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Rent from land & buildings	593,297	-	-	593,297	560,871
Income from listed investments	53,137	-	8,325	61,462	76,846
Interest	1,023	-	-	1,023	412
Charitable donation from Ark Enterprises Limited	336,808	-	-	336,808	960,060
	<u>984,265</u>	<u>-</u>	<u>8,325</u>	<u>992,590</u>	<u>1,598,189</u>
Year end 31 December 2019	<u>1,587,949</u>	<u>-</u>	<u>10,240</u>	<u>1,598,189</u>	

Included within the investment income of the charity is £336,808 (2019: £960,060) donated by the Charity's subsidiary, Ark Enterprises Limited, under the Government's Gift Aid scheme.

6 Other income

Group	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Compensation	-	-	-	-	1,526,972
Utility recharge	41,873	-	-	41,873	36,087
Other	12,911	-	-	12,911	-
	<u>54,784</u>	<u>-</u>	<u>-</u>	<u>54,784</u>	<u>1,563,059</u>
Year end 31 December 2019	<u>36,087</u>	<u>1,526,972</u>	<u>-</u>	<u>1,563,059</u>	

Charity	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Compensation	-	-	-	-	1,526,972
Utility recharge	41,873	-	-	41,873	36,087
Other	12,911	-	-	12,911	-
Management recharge from subsidiary	190,000	-	-	190,000	250,874
	<u>244,784</u>	<u>-</u>	<u>-</u>	<u>244,784</u>	<u>1,813,933</u>
Year end 31 December 2019	<u>286,961</u>	<u>1,526,972</u>	<u>-</u>	<u>1,813,933</u>	

7 Expenditure on raising funds

Group	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Fundraising	249,565	-	-	249,565	308,177
Membership	154,480	-	-	154,480	171,366
Retail operations - Edinburgh Zoo	612,053	-	-	612,053	889,248
Catering operations - Edinburgh Zoo	955,364	-	-	955,364	2,201,582
Retail operations - Highland Wildlife Park	178,800	-	-	178,800	185,123
Catering operations - Highland Wildlife Park	253,114	-	-	253,114	340,949
Corporation tax	10,641	-	-	10,641	56,319
Investment management costs	15,560	-	2,655	18,215	19,279
Other costs	36,305	-	-	36,305	5,600
Support costs (Note 9)	712,385	-	-	712,385	884,240
	<u>3,178,267</u>	<u>-</u>	<u>2,655</u>	<u>3,180,922</u>	<u>5,061,883</u>
Year end 31 December 2019	<u>5,059,184</u>	<u>-</u>	<u>2,699</u>	<u>5,061,883</u>	

Charity	Unrestricted £	Restricted £	Endowment £	2020 £	2019 £
Fundraising	249,565	-	-	249,565	308,177
Membership	154,480	-	-	154,480	171,366
Investment management costs	15,560	-	2,655	18,215	19,279
Other costs	-	-	-	-	-
Support costs (Note 9)	712,385	-	-	712,385	884,240
	<u>1,131,990</u>	<u>-</u>	<u>2,655</u>	<u>1,134,645</u>	<u>1,383,062</u>
Year end 31 December 2019	<u>1,380,363</u>	<u>-</u>	<u>2,699</u>	<u>1,383,062</u>	

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

8 Expenditure on charitable activities

Charity and Group	Unrestricted £	Restricted £	2020 £	2019 £
Animal welfare	3,419,257	379,829	3,799,086	3,805,644
Education	214,196	144,299	358,495	467,224
Marketing	343,792	-	343,792	467,973
Visitor Services	1,037,007	6,075	1,043,082	1,094,894
Events	802,008	-	802,008	1,329,502
Genetics Unit - Edinburgh Zoo	236,633	-	236,633	228,665
Conservation and Science	1,226,330	550,478	1,776,808	1,735,264
Support costs (Note 9)	4,189,548	-	4,189,548	4,388,811
	<u>11,468,771</u>	<u>1,080,681</u>	<u>12,549,452</u>	<u>13,517,976</u>
Year end 31 December 2019	<u>12,882,790</u>	<u>635,186</u>	<u>13,517,976</u>	

Expenditure on charitable activities includes the following grants:

	Unrestricted £	Restricted £	2020 £	2019 £
Budongo Conservation Field Station	95,154	-	95,154	93,909
Instituto de Pesquisas Ecologicas	2,128	-	2,128	101,638
Giant Armadillo Conservation Program	-	-	-	10,000
Thomas Docherty Bone	5,000	-	5,000	5,000
	<u>102,282</u>	<u>-</u>	<u>102,282</u>	<u>210,547</u>

9 Support costs

Charity & Group	Raising funds £	Charitable activities £	2020 £	2019 £
Property, Estates and Works	381,617	2,087,936	2,469,553	2,814,163
Health and safety	5,258	28,765	34,023	52,793
Gardening	-	291,890	291,890	329,397
Chief Executive's Office	73,414	401,669	475,083	528,482
Finance and IT	193,926	1,061,022	1,254,948	1,201,438
Human Resources	56,470	308,966	365,436	336,778
Net return on pension	1,700	9,300	11,000	10,000
	<u>712,385</u>	<u>4,189,548</u>	<u>4,901,933</u>	<u>5,273,051</u>
Year end 31 December 2019	<u>884,240</u>	<u>4,388,811</u>	<u>5,273,051</u>	

Support costs, with the exception of Gardening costs, are allocated to Raising Funds and Charitable Activities in accordance with the direct expenditure incurred in these areas.

Gardening costs are allocated directly to charitable activities on the basis that these costs are incurred in maintaining the parks, improving the experience of visitors and thus linked to the admission income earned.

Support costs include Governance costs of £131,101 (2019: £174,407).

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

10 Analysis of staff costs

	2020	2019
	£	£
Wages and salaries	5,670,076	5,805,385
Social security costs	452,693	468,503
Cost of defined contribution pension scheme	214,924	204,068
Cost of defined benefit pension scheme	63,200	189,600
Other benefits	49,578	11,518
	6,450,471	6,679,074

During the year 17 employees were either made redundant or had their contracts of employment terminated. Redundancy and termination payments of £82,796 (2019: £nil) were paid during the year.

The Society closed the defined benefit scheme to future accrual with effect from 30th September 2008. Employees ceased their contributions from that date although the Society continued to make contributions in line with the schedule of contributions agreed with the pension Trustees. Employees were offered membership of the defined contribution scheme with effect from 1 October 2008.

The Society opened a defined contribution pension scheme on 1 April 2008 with the Society matching contribution with those of employees to a maximum of 5% of salary. The assets of the defined pension contribution scheme are administered by an independent pension provider.

The average weekly number of employees during the year was:

	2020	2019
	Number	Number
Full-time	180	185
Part-time	108	113
	288	298

The number of employees earning more that £60,000 were as follows:

	2020	2019
	Number	Number
£120,000 - £129,998	-	1
£80,000 - £89,999	1	1
£70,000 - £79,999	2	1
£60,000 - £69,999	1	-
	4	3

All of the above employees are members of the Society's defined contribution pension scheme. Pension contributions totalling £11,772 (2019: £13,056) were paid in the year.

11 Benefits received by key management personnel

Day to day management of activities is delegated by the Trustees to an Executive Team. During the year the Executive Team comprised the Chief Executive Officer, Director of Finance and Resources, Director of Conservation and Living Collections, Director of Engagement and Director of Human Resources. The total employee benefits received by the Executive Team was £343,419 (2019: £374,926). All of these employees are members of the Society's defined contribution pension scheme. Pension contributions for the Executive Team totalled £12,736 (2019: £15,577).

12 Board of Trustees' remuneration and expenses

Trustees received no remuneration in respect of their services as trustees in either year.

In accordance with the Society's guidelines, Trustees may be reimbursed for properly incurred travel, subsistence and accommodation expenditure. In addition, the Society may also pay third parties directly for similar Trustee expenses. During the year a total of £471 (2019: £1,365) was reimbursed to 2 Trustees (2019: 4 Trustees) and expenditure of £nil was paid directly to third party suppliers (2019: £nil).

During the year Trustees Indemnity insurance was in place for the benefit of the Trustees.

13 Operating Profit/(Loss)

Operating profit/(loss) is stated after charging:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Auditor's remuneration				
Statutory Audit	15,190	16,070	10,690	11,700
Assurance services and other audit	2,625	2,550	2,625	2,550
Tax advisory services	2,215	2,320	1,180	1,090
	20,030	20,940	14,495	15,340

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

14 Fixed assets

Group	Heritable Land £	Investment Property £	Property £	Assets Under Construction	Computer Hardware £	Computer Software £	Office Equipment £	Plant & Machinery £	Vehicles £	TOTAL £
Cost/Valuation										
As at 1 January 2020	23,500	8,600,000	20,285,362	1,916,315	570,387	473,202	62,735	703,432	486,326	33,121,259
Additions	-	-	29,120	2,143,524	9,351	-	3,483	19,491	39,775	2,244,744
Revaluations	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	144,222	(620,330)	101,602	374,506	-	-	-	-
Disposals	-	-	-	(21,694)	(71,304)	(131,034)	-	-	(67,522)	(291,554)
As at 31 December 2020	23,500	8,600,000	20,458,704	3,417,815	610,036	716,674	66,218	722,923	458,579	35,074,449
Depreciation										
As at 1 January 2020	-	-	10,659,964	-	490,364	414,110	51,203	655,690	417,923	12,689,254
Disposals	-	-	-	-	(69,894)	(132,862)	-	-	(67,522)	(270,278)
Charge for the year	-	-	1,159,177	-	73,010	49,089	7,419	27,434	31,959	1,348,088
As at 31 December 2020	-	-	11,819,141	-	493,480	330,337	58,622	683,124	382,360	13,767,064
Net book value										
As at 31 December 2020	23,500	8,600,000	8,639,563	3,417,815	116,556	386,337	7,596	39,799	76,219	21,307,385
As at 31 December 2019	23,500	8,600,000	9,625,398	1,916,315	80,023	59,092	11,532	47,742	68,403	20,432,004

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

14 Fixed assets (continued)

Charity	Heritable Land	Investment Property	Property	Assets Under Construction	Computer Hardware	Computer Software	Office Equipment	Plant & Machinery	Vehicles	TOTAL
	£	£	£	£	£	£	£	£	£	£
Cost										
As at 1 January 2020	23,500	8,600,000	19,747,585	1,916,315	570,387	469,482	61,823	646,938	486,326	32,522,356
Additions	-	-	18,120	2,143,524	9,351	-	-	6,981	39,775	2,217,751
Revaluation	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	144,222	(620,330)	101,602	374,506	-	-	-	-
Disposals	-	-	-	(21,694)	(71,304)	(131,034)	-	-	(67,522)	(291,554)
As at 31 December 2020	<u>23,500</u>	<u>8,600,000</u>	<u>19,909,927</u>	<u>3,417,815</u>	<u>610,036</u>	<u>712,954</u>	<u>61,823</u>	<u>653,919</u>	<u>458,579</u>	<u>34,448,553</u>
Depreciation										
As at 1 January 2020	-	-	10,320,747	-	460,582	440,078	50,975	611,937	417,923	12,302,242
Disposals	-	-	-	-	(69,894)	(132,862)	-	-	(67,522)	(270,278)
Charge for the year	-	-	1,102,070	-	73,010	49,089	7,118	19,128	31,959	1,282,374
As at 31 December 2020	<u>-</u>	<u>-</u>	<u>11,422,817</u>	<u>-</u>	<u>463,698</u>	<u>356,305</u>	<u>58,093</u>	<u>631,065</u>	<u>382,360</u>	<u>13,314,338</u>
Net book value										
As at 31 December 2020	<u>23,500</u>	<u>8,600,000</u>	<u>8,487,110</u>	<u>3,417,815</u>	<u>146,338</u>	<u>356,649</u>	<u>3,730</u>	<u>22,854</u>	<u>76,219</u>	<u>21,134,215</u>
As at 31 December 2019	<u>23,500</u>	<u>8,600,000</u>	<u>9,426,838</u>	<u>1,916,315</u>	<u>109,805</u>	<u>29,404</u>	<u>10,848</u>	<u>35,001</u>	<u>68,403</u>	<u>20,220,114</u>

Land and buildings at 132 Corstorphine Road, Edinburgh have been stated at Trustees' valuation based on an independent valuation on an existing use basis at open market value of £8,600,000 as at 30 January 2020 by DM Hall, Chartered Surveyors. At 31 December 2020 the historic cost of the investment property was nil.

The net book value of motor vehicles held under finance leases was £17,026 (2019: £29,942). The depreciation charge for the year in relation to these assets held under finance leases amounted to £12,915 (2019: £12,915).

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

15 Investments

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Fair value of securities at 1 January 2019	3,267,331	3,247,107	3,267,333	3,247,109
Purchases	99,387	293,946	99,387	293,946
Disposal proceeds	(158,978)	(861,998)	(158,978)	(861,998)
Unrealised gain/(loss)	155,813	463,145	155,813	463,145
Realised gain/(loss)	(2,941)	125,131	(2,941)	125,131
Fair value of securities at 31 December 2020	<u>3,360,612</u>	<u>3,267,331</u>	<u>3,360,614</u>	<u>3,267,333</u>
Cash investments	176,703	135,327	176,703	135,327
Fair value at 31 December 2020	<u>3,537,315</u>	<u>3,402,658</u>	<u>3,537,317</u>	<u>3,402,660</u>
Cost at 31 December 2020	<u>2,396,487</u>	<u>2,396,519</u>	<u>2,396,489</u>	<u>2,396,521</u>

The Charity's investments include the investment in the subsidiary, Ark Enterprises Ltd and is stated at cost (note 32).

16 Stocks

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Goods for resale	245,581	323,754	-	-
Consumable stores	85,692	105,726	85,692	105,724
	<u>331,273</u>	<u>429,480</u>	<u>85,692</u>	<u>105,724</u>

17 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	564,215	592,430	521,876	496,909
Other	537,523	292,649	537,523	292,649
Prepayments & accrued income	387,570	585,746	383,207	585,746
Amounts owed by group companies	-	-	1,527,114	772,403
	<u>1,489,308</u>	<u>1,470,825</u>	<u>2,969,720</u>	<u>2,147,707</u>

18 Creditors: Amounts falling due within one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	526,108	466,661	496,367	448,125
Social security and other taxes	230,254	236,443	193,802	217,523
Other creditors	52,199	46,470	52,199	46,470
Accruals	1,159,940	679,888	1,111,245	573,952
Finance leases (note 19)	7,437	7,437	7,437	7,437
Deferred income	1,081,390	875,444	1,081,390	875,444
Bank loan (note 19)	807,229	233,233	807,229	233,233
	<u>3,864,557</u>	<u>2,545,576</u>	<u>3,749,669</u>	<u>2,402,184</u>

Other creditors include outstanding pension contributions of £33,766 (2019: £34,521).

Deferred income includes membership, rental, grants and donation income where the condition for recognition will be met in future periods. The movement in deferred income is analysed as follows:

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
As at 1 January 2020	875,444	841,443	875,444	841,443
Amounts released from previous years	1,849,932	(355,872)	1,849,932	(355,872)
Income deferred	(1,643,986)	389,872	(1,643,986)	389,872
As at 31 December 2020	<u>1,081,390</u>	<u>875,444</u>	<u>1,081,390</u>	<u>875,444</u>

19 Creditors: Amounts falling due after one year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Finance leases	9,977	17,414	9,977	17,414
Bank loan	6,846,977	57,908	6,846,977	57,908
	<u>6,856,954</u>	<u>75,322</u>	<u>6,856,954</u>	<u>75,322</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

19 Creditors: Amounts falling due after one year (continued)

The Society has entered into the following loans:

	Date	Loan £	Duration	Interest rate (%)	Security
Bank of Scotland	March 2020	2,000,000	20 years	BOE base + 2.35%	Land at 132 Corstorphine Road, Edinburgh and assignment of rents re lease of the Holiday Inn
Bank of Scotland	May 2020	5,000,000	6 years	BOE base +1.59%	Land and buildings at 132 and 134 Corstorphine Road, Edinburgh and assignment of rents re lease of the Holiday Inn
Scottish Government	June 2020	500,000	5 years	0.50%	Admissions building at 134 Corstorphine Road, Edinburgh
Third Sector Resilience Fund	May 2020	160,000	5 years	0.00%	None

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Bank loans are repayable as follows:				
Less than one year	807,229	233,233	807,229	233,233
Between one and two years	1,243,896	57,908	1,243,896	57,908
Between two and five years	3,711,688	-	3,711,688	-
In five years or more	1,891,393	-	1,891,393	-
	<u>7,654,206</u>	<u>291,141</u>	<u>7,654,206</u>	<u>291,141</u>

Financial commitments under finance leases and hire purchase contracts will result in the following payments.

	2020	2019
	£	£
Minimum lease payments under finance leases falling due:		
Within one year	7,437	7,437
Within 2-5 years	9,977	17,414
	<u>17,414</u>	<u>24,851</u>

20 Provision for other liabilities

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Deferred tax	30,508	37,399	-	-
	<u>30,508</u>	<u>37,399</u>	<u>-</u>	<u>-</u>

21 Unrestricted funds

	As at 1 January 2020	Incoming resources	Other gains/(losses)	Pension	Resources expended	Transfer	As at 31 December 2020
	£	£	£	£	£	£	£
Group funds							
General reserve	8,446,829	13,146,784	117,465	-	(14,710,238)	8,325	7,009,165
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(325,000)	(11,000)	-	(1,172,200)	63,200	-	(1,445,000)
Group funds	<u>16,721,829</u>	<u>13,135,784</u>	<u>117,465</u>	<u>(1,172,200)</u>	<u>(14,647,038)</u>	<u>8,325</u>	<u>14,164,165</u>
Charity funds							
General reserve	8,445,926	11,100,507	117,465	-	(12,663,961)	8,325	7,008,262
Revaluation reserve	8,600,000	-	-	-	-	-	8,600,000
Pension reserve	(325,000)	(11,000)	-	(1,172,200)	63,200	-	(1,445,000)
Charity funds	<u>16,720,926</u>	<u>11,089,507</u>	<u>117,465</u>	<u>(1,172,200)</u>	<u>(12,600,761)</u>	<u>8,325</u>	<u>14,163,262</u>
Group funds							
General reserve	8,456,497	17,607,487	504,179	-	(18,131,574)	10,240	8,446,829
Revaluation reserve	6,150,000	-	2,450,000	-	-	-	8,600,000
Pension reserve	(454,800)	(10,000)	-	(49,800)	189,600	-	(325,000)
Group funds	<u>14,151,697</u>	<u>17,597,487</u>	<u>2,954,179</u>	<u>(49,800)</u>	<u>(17,941,974)</u>	<u>10,240</u>	<u>16,721,829</u>
Charity funds							
General reserve	8,455,593	13,928,667	504,179	-	(14,452,753)	10,240	8,445,926
Revaluation reserve	6,150,000	-	2,450,000	-	-	-	8,600,000
Pension reserve	(454,800)	(10,000)	-	(49,800)	189,600	-	(325,000)
Charity funds	<u>14,150,793</u>	<u>13,918,667</u>	<u>2,954,179</u>	<u>(49,800)</u>	<u>(14,263,153)</u>	<u>10,240</u>	<u>16,720,926</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

22 Restricted funds

	As at 1 January 2020	Incoming resources	Resources expended	Transfers	As at 31 December 2020
	£	£	£	£	£
Capital funds	5,233,365	110,895	(418,946)	-	4,925,314
Income funds					
Water Vole Fund	477	-	(477)	-	-
RZSS Conservation Fund	876	-	477	-	1,353
Scottish Wildcat Action	19,200	6,989	(6,456)	(18,987)	746
Scottish Wildcat	4,103	-	(4,103)	-	-
Budongo Conservation Field Station	101,910	144,911	(142,305)	-	104,516
ZEST	28,471	-	-	-	28,471
Giant Armadillo Project (Pantanal)	157,572	38,086	(91,318)	-	104,340
Tayside Beaver	(4)	-	-	-	(4)
Pallas Cat	28,640	16,245	(3,486)	-	41,399
Illegal Wildlife Trade	3,706	-	(3,706)	-	-
EZ Education Fund	-	321,999	(122,213)	-	199,786
HWP Education Fund	2,575	-	-	-	2,575
Accessible Zoo	4,500	-	-	-	4,500
Cambodian Genetic project	11,000	29,316	(21,285)	-	19,031
Inclusive Zoo	6,006	-	-	-	6,006
Cameroon frog and earthworm	5,000	-	-	-	5,000
Heart of the Zoo award	1,915	-	(140)	-	1,775
Native Invertebrates	6,131	-	-	-	6,131
Nubian Ibex	5,557	7,000	(1,488)	-	11,069
RZSS Animal fund	4,503	550	-	-	5,053
Science Specialist Confucius classroom	2,559	34,850	(22,086)	-	15,323
SWA4Life	960,053	361,339	(224,728)	18,987	1,115,651
Flapper Skate	1,693	6,879	(5,109)	-	3,463
BBR CryoArks	11,575	23,693	(6,830)	-	28,438
Pine Hoverfly Captive Breeding	-	10,500	(2,078)	-	8,422
Siamese Crocodile	-	7,250	(3,296)	-	3,954
Prey Lang Elephant	-	-	(1,108)	-	(1,108)
	1,368,018	1,009,607	(661,735)	-	1,715,890
	6,601,383	1,120,502	(1,080,681)	-	6,641,204

	As at 1 January 2019	Incoming resources	Resources expended	Transfers	As at 31 December 2019
Capital funds	3,464,210	2,081,144	(311,988)	-	5,233,366
Income funds					
Beaver Reintroduction Project	(3,167)	4,147	(980)	-	-
Water Vole Fund	477	-	-	-	477
RZSS Conservation Fund	876	-	-	-	876
Scottish Wildcat Action	11,010	20,401	(12,211)	-	19,200
Scottish Wildcat	5,482	1,155	(2,534)	-	4,103
Budongo Conservation Field Station	108,662	77,039	(83,791)	-	101,910
ZEST	28,471	-	-	-	28,471
Giant Armadillo Project (Pantanal)	167,055	78,955	(88,438)	-	157,572
Tayside Beaver	4,616	-	(4,620)	-	(4)
Pallas Cat	23,149	7,010	(1,519)	-	28,640
Illegal Wildlife Trade	3,706	-	-	-	3,706
Education	3,652	39,698	(43,350)	-	-
HWP Education Fund	2,575	-	-	-	2,575
Accessible Zoo	4,500	-	-	-	4,500
Cambodian Genetic project	20,566	27,088	(36,654)	-	11,000
Inclusive Zoo	6,280	-	(274)	-	6,006
Cameroon frog and earthworm	5,000	-	-	-	5,000
Heart of the Zoo award	2,600	-	(685)	-	1,915
Native Invertebrates	6,131	-	-	-	6,131
Nubian Ibex	5,137	7,000	(6,580)	-	5,557
RZSS Animal fund	4,721	147	(366)	-	4,503
Science Specialist Confucius classroom	4,456	24,000	(25,897)	-	2,559
SWA4Life	-	969,150	(9,097)	-	960,053
Flapper Skate	-	2,589	(896)	-	1,693
BBR CryoArks	-	16,882	(5,307)	-	11,575
	415,954	1,275,261	(323,199)	-	1,368,018
	3,880,164	3,356,405	(635,187)	-	6,601,383

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

22 Restricted funds (continued)

The above fund balances at 31 December 2020 represent the net amounts available for restricted expenditure. More detail is given below for funds with significant balances.

Capital funds

Capital funds have been invested in fixed assets, with depreciation being charged to the fund over the remaining life of the asset.

Income funds

RZSS Conservation Fund - represents funds from the British Herpetological Society to support a project to translocate natterjack toads to Carsethorn on the Solway coast.

Scottish Wildcat Action - represents funds donated by the public to the wildcat project that RZSS is involved in as part of the Scottish Wildcat Conservation Action Plan. Donations are shared with SNH.

Budongo Conservation Field Station - represents funding from St Andrews University to support students going out to the Budongo Conservation Field Station (BCFS) in Uganda, and grants from the Arcus Foundation to fund conservation and research activities at the BCFS.

ZEST - represents funds received from the Robertson Trust and Bailie Gifford and Co to support The Zoo and Environment Skills Training programme (ZEST) being run with Scottish high schools to enable teenagers to gain employability and personal development skills while taking on work experience days in the zoo.

Giant Armadillo Project - represents funding received from Prince Bernhard Nature Fund, Amneville Zoo, CEPA, CERZA, Natural Research and Seaworld for the ecological study of the secretive giant armadillo in the Pantanal wetlands of Brazil.

Pallas Cat - represents funds held as a species support fund on behalf of the European Pallas Cat Breeding Programme.

EZ Education - represents income from the City of Edinburgh Council, the Mickle Fund and the Cruden Foundation to support our education programmes including; the Schools Programme, Summer School, Global Classrooms school conference, Edinburgh Science Festival programme, Zoo Explorers programme and the Wildlife Garden.

HWP Education Fund - represents funding from the Gordon and Ena Baxter Foundation and the Russell Trust to develop the education programme at the Highland Wildlife Park.

Accessible Zoo - represents funding from The Nancy Roberts Charitable Trust and The Catherine Cookson Charitable Trust to support a project to make physical adaptations onsite and equip and train staff in order that Edinburgh Zoo is accessible to all regardless of ability.

Cambodian Genetics project - represents grant funding from Flora and Fauna International to develop the capacity of the Royal University of Phnom Penh's Conservation Genetics lab to deliver in-country genetics support for the conservation of threatened species in Cambodia.

Inclusive Zoo - represents funding from the Cruden Foundation and Castansa Trust to support a project to encourage children and young people from special schools to participate in the Edinburgh Zoo education programme.

Cameroon Frog and Earthworm project - represents grant funding from BIAZA to support the conservation of two critically endangered frogs species and one endemic earthworm in the grasslands of Cameroon.

Heart of the Zoo Awards - represents donations received from the family and friends of Rob Ollason, a former employee, to fund an annual award to recognise RZSS staff who in the view of their colleagues have shown the most consistent commitment to working to support the values of the Society and its mission statement.

Native Invertebrates - represents funding from the Craignish Trust to support the conservation of endangered native invertebrates by rebuilding populations at sites in Scotland where the species have lived in the past.

Nubian Ibex project - represents grant funding from the Government of Oman to support a PhD student to undertake genetic monitoring of the Nubian Ibex.

RZSS Animal Fund - represents donations received on World Rhino Day to support the animal husbandry of the rhinos at Edinburgh Zoo and an immemorial donation in support of the animal husbandry of penguins at Edinburgh Zoo.

Science Specialist Confucius Classroom - represents grant funding from the Confucius Institute for Scottish Schools to support the set up and launch of a Confucius Classroom.

SWA4Life - represents grant funding from the European Commission Executive Agency for Small and Medium sized Enterprises to fund the SWA4Life project aimed at supporting wildcat recovery through threat mitigation and translocation.

BBR CryoArks - represents grant funding from National Museums Scotland to allow us to hold a frozen collection of non model and endangered animal taxa in our biobank facility at Edinburgh Zoo.

Flapper Skate - represents grant funding from the American Association of Zoo Veterinarians to fund an investigation into the physiological responses of flapperskate to capture and surgical implantation of acoustic tags in Scotland.

Pine Hoverfly Captive Breeding - represents funding from Cairngorm National Park Authority for the development of facilities and staff time on the pine hoverfly captive breeding project.

Siamese crocodile - represents grant funding from Flora and Fauna International to further develop the capacity of the Royal University of Phnom Penh's Conservation Genetics lab and thereby develop in country conservation of siamese crocodiles in Cambodia.

Prey Lang Elephant - represents funding from the Royal University of Phnom Penh to conduct genetic analysis of the Prey Lang Elephant.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

23 Endowment fund

	As at 1 January 2020	Realised /unrealised gains/(losses)	Investment income	Resources expended	Transfer to unrestricted funds	As at 31 December 2020
	£	£	£	£	£	£
J W Gibb Fund	494,174	35,407	8,325	(2,655)	(8,325)	526,926

The above fund is to support the maintenance and upkeep of animals, consistent with our objectives.

24 Analysis of reserves between net assets

Group	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Fixed assets	16,382,071	4,925,314	-	21,307,385
Investments	3,010,389	-	526,926	3,537,315
Net current assets	3,104,167	1,715,890	-	4,820,057
Long term liabilities	(6,887,462)	-	-	(6,887,462)
Pension deficit	(1,445,000)	-	-	(1,445,000)
	<u>14,164,165</u>	<u>6,641,204</u>	<u>526,926</u>	<u>21,332,295</u>

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Fixed assets	15,198,638	5,233,366	-	20,432,004
Investments	2,908,484	-	494,174	3,402,658
Net current assets	(947,572)	1,368,017	-	420,445
Long term liabilities	(112,721)	-	-	(112,721)
Pension deficit	(325,000)	-	-	(325,000)
	<u>16,721,829</u>	<u>6,601,383</u>	<u>494,174</u>	<u>23,817,386</u>

Charity	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Fixed assets	16,208,901	4,925,314	-	21,134,215
Investments	3,010,391	-	526,926	3,537,317
Net current assets	3,245,924	1,715,890	-	4,961,814
Long term liabilities	(6,856,954)	-	-	(6,856,954)
Pension deficit	(1,445,000)	-	-	(1,445,000)
	<u>14,163,262</u>	<u>6,641,204</u>	<u>526,926</u>	<u>21,331,392</u>

	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2019 £
Fixed assets	14,986,748	5,233,366	-	20,220,114
Investments	2,908,486	-	494,174	3,402,660
Net current assets	(773,986)	1,368,017	-	594,031
Long term liabilities	(75,322)	-	-	(75,322)
Pension deficit	(325,000)	-	-	(325,000)
	<u>16,720,926</u>	<u>6,601,383</u>	<u>494,174</u>	<u>23,816,483</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

25 Net cash (outflow)/inflow from operating activities

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Net income/(expenditure) for the reporting period as per the statement of financial activity	(1,312,891)	2,972,549	(1,312,891)	2,972,550
Depreciation charges	1,348,088	1,324,992	1,282,374	1,262,507
(Gain)/loss on investments	(152,872)	(588,276)	(152,872)	(588,276)
(Increase)/Decrease in Stock	98,207	(108,339)	20,032	(17,116)
(Increase)/Decrease in Debtors	(18,484)	(212,956)	(822,013)	(334,318)
Increase/(Decrease) in Creditors	744,985	(58,372)	773,488	(105,180)
Investment Income	(655,782)	(638,129)	(992,590)	(1,598,189)
Interest paid	29,195	17,464	29,195	17,464
Increase/(Decrease) in deferred tax provision	(6,891)	37,399	0	0
Cash movements in pension scheme	(52,200)	(179,600)	(52,200)	(179,600)
Gain on disposal of tangible fixed assets	11,567	(400)	11,567	(400)
Net cash inflow/(outflow)	32,922	2,566,330	(1,215,910)	1,429,443

26 Analysis of changes in net debt during the year

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
As at 1 January 2020	885,051	647,013	562,119	496,564
Net cash inflow/(outflow)	(1,515,935)	238,038	(2,400,965)	65,555
As at 31 December 2020	- 630,884	885,051	- 1,838,846	562,119

	Group		Charity		Charity	
	As at 1 January 2020	Cashflows	As at 31 December 2020	As at 1 January 2020	Cashflows	As at 31 December 2020
	£	£	£	£	£	£
Cash held as part of the investment portfolio (note 15)	135,327	41,376	176,703	135,327	41,376	176,703
Cash at bank and in hand	1,065,716	5,798,317	6,864,033	742,784	4,913,287	5,656,071
Loan	(291,141)	(7,363,065)	(7,654,206)	(291,141)	(7,363,065)	(7,654,206)
Finance Leases	(24,851)	7,437	(17,414)	(24,851)	7,437	(17,414)
	885,051	(1,515,935)	(630,884)	562,119	(2,400,965)	(1,838,846)

27 Reconciliation of net cash flow to movement in net debt

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Increase in cash in the period	5,839,693	7,676	4,954,663	(164,807)
Cash outflow from debt financing	(7,355,628)	230,362	(7,355,628)	230,362
Change in debt resulting from cash flows	(1,515,935)	238,038	(2,400,965)	65,555
Net debt at the beginning of the period	885,051	647,013	562,119	496,564
Net funds/(debt) at the end of the period	(630,884)	885,051	(1,838,846)	562,119

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

28 Defined benefit pension scheme

	As at 1 January 2020 £	Provided £	Released £	As at 31 December 2020 £
Group & Charity				
Total pension deficit	325,000	1,120,000	-	1,445,000

At 31 December 2020 the Society owed the defined benefit pension scheme £0 (2019: £0) in relation to employer's contributions.

Information about the characteristics of the fund

The Fund provides pensions in retirement and death benefits to members. Pension benefits are linked to a member's final salary at retirement and their length of service. The Fund closed to new members on 30 September 2008. The Fund is a registered scheme under UK legislation and is subject to the scheme funding requirements. The Fund is governed by the Fund's trust deed and rules dated 29 April 1970. The Trustee is responsible for the operation and governance of the Fund, including making decisions regarding the Fund's funding and investment strategy in conjunction with the Society.

Information about the risks of the fund to the Society

The Fund exposes the Society to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. The Fund does not expose the Society to any unusual fund specific or Society specific risks.

Information about the valuation of the defined benefit obligation at the accounting date

The most recent formal actuarial valuation of the fund was at 1 April 2018. The liabilities at the reporting date have been calculated by updating the results of the formal actuarial valuation of the fund for the assumptions detailed in these disclosures. Allowance has been made for expected mortality over the period, as well as actual movement in financial conditions since the valuation date. Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projections will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the Fund at the accounting date and those included in the disclosures.

Information about the most recent actuarial valuation and expected future cashflows to and from the Fund

The valuation as at 1 April 2018 revealed a funding deficit of £3,087,000. In the Recovery Plan dated 5 February 2019 the Society agreed to pay contributions with a view to eliminating the shortfall by 1 September 2027. In accordance with the Schedule of Contributions dated 6 January 2021 the Society is expected to pay contributions of £142,000 over the next accounting period. The contributions paid by the Society are reviewed every 3 years as part of each formal actuarial valuation. The Funds next actuarial valuation is due at 1 April 2021. In addition the Society is expected to meet the cost of administrative expenses (including PPF levies) for the Fund. The liabilities of the Fund are based on the current value of the expected benefit payment cashflows to members approximately over the next 70 years. The average duration of the liabilities on the valuation basis is approximately 23 years.

The Fund's investment strategy

The Fund's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets. This strategy reflects the Fund's liability profile and the Trustee's and Society's attitude to risk. The fund holds a number of annuity policies which match a portion of the pensions in payment.

The major assumptions used by the actuary were (in normal terms) as follows:

	As at 31 December 2020 %	As at 31 December 2019 %
Discount rate	1.25	2.05
Inflation assumption (RPI pre 2030)	2.95	3.00
Inflation assumption (RPI post 2030)	2.65	3.00
Inflation assumption (CPI pre 2030)	2.00	2.00
Inflation assumption (CPI post 2030)	2.65	2.00
LPI pension increase (pre 2030)	2.05	2.05
LPI pension increase (post 2030)	2.65	2.05
Cash commutation	100% take max cash	100% take max cash

Assumed life expectancies on retirement at age 65 are:

	As at 31 December 2020	As at 31 December 2019
Retiring today - Males	21.90	21.80
Retiring today - Females	24.20	24.00
Retiring in 20 years time - Males	23.20	23.10
Retiring in 20 years time - Females	25.60	25.50

The assets in the scheme were:

	Value at 2020 £000	Value at 2019 £000
Equities	6,742	6,350
Bonds	1,767	1,638
Cash	89	129
Insured Pensioners	657	679
Fair value of scheme assets	9,255	8,796

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

28 Defined benefit pension scheme (continued)

	Value at 2020 £000	Value at 2019 £000
The actual return on assets over the period was:	573	887
Present value of funding obligations	10,700	9,121
Fair value of scheme assets	9,255	8,796
Surplus/(Deficit) in funded scheme	<u>(1,445)</u>	<u>(325)</u>
Present value of unfunded obligations	-	-
Unrecognised actuarial gains (losses)	-	-
(Irrecoverable surplus)	-	-
Net liability in balance sheet	<u>1,445</u>	<u>325</u>

	As at 31 December 2020 £000	As at 31 December 2019 £000
Reconciliation of opening and closing balances of the present value of the defined benefit obligation		
Benefit obligation at beginning of year	9,121	8,353
Interest cost	185	232
Actuarial (gain)/losses	1,566	715
Benefits paid	(177)	(179)
Past service cost	5	-
Benefit obligation at end of period	<u>10,700</u>	<u>9,121</u>

	As at 31 December 2020 £000	As at 31 December 2019 £000
Reconciliation of opening and closing balances of the fair value of fund assets.		
Fair value of fund assets at beginning of year	8,796	7,898
Interest income on fund assets	179	221
Return on assets, excluding interest income	394	666
Contributions by employers	63	190
Benefits paid	(177)	(179)
Fair value of fund assets at end of year	<u>9,255</u>	<u>8,796</u>

The amount recognised in the Statement of Financial Activity:

	2020 £000	2019 £000
Service cost -including current and past service costs and settlements	5	-
Net interest on the net defined benefit liability	6	10
	<u>11</u>	<u>10</u>

Remeasurement of the net defined benefit liability/(asset) to be shown in the Statement of Financial Activity.

	2020 £000	2019 £000
Actuarial (gain)/losses on the liabilities	1,566	715
Return on assets, excluding interest income	(394)	(666)
Total measurement of the defined benefit liability (asset) to be shown in the Statement of Financial Activity	<u>1,172</u>	<u>49</u>

Sensitivity analysis

A sensitivity analysis of the principal assumptions used to measure the scheme liabilities

	assumption	2020 £000	2019 £000
Discount rate	Increase by 0.25%	(490)	(375)
Rate of inflation (RPI)	Increase by 0.25%	(364)	(279)
Assumed life expectancy at age 65	Increase by 1 year	321	274

Extrapolation of the sensitivity analysis beyond the ranges shown may not be appropriate

Estimation of next period's profit or loss

	2021 £000	2020 £000
Service cost - including current and past service costs and settlements	-	5
Net interest on the net defined benefit liability	17	6
	<u>17</u>	<u>11</u>

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

29 Guarantees and other financial commitments

The group's minimum operating lease payments are as follows:

	Group		Charity	
	2020 Total £	2019 Total £	2020 Total £	2019 Total £
Within one year	45,728	57,562	43,972	55,806
Within 2-5 years	79,230	37,467	79,230	37,467
In 5 years or more	148,661	-		
	<u>273,619</u>	<u>95,029</u>	<u>123,202</u>	<u>93,273</u>

Operating lease payments of £115,748 were paid in the year (2019: £118,484).

A ten year agreement (from December 2011 to December 2021) regarding the Giant Pandas requires a protection funding payment of \$1m to be paid annually to the China Wildlife Conservation Association. The last payment will be made in June 2021.

30 Operating leases

The group holds surplus land at Edinburgh Zoo as an investment property as disclosed in note 14 which is let to a third party. This non cancellable lease has a remaining term of 51 years.

	Group		Charity	
	2020 Total £	2019 Total £	2020 Total £	2019 Total £
Future minimum rentals receivable under non-cancellable operating leases are as follows:				
Not later than one year	550,000	550,000	550,000	550,000
After one year but not more than five years	2,200,000	2,200,000	2,200,000	2,200,000
After five years	24,337,500	24,887,500	24,337,500	24,887,500
	<u>27,087,500</u>	<u>27,637,500</u>	<u>27,087,500</u>	<u>27,637,500</u>

31 Financial Instruments

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Financial assets				
Measured at fair value through the profit and loss account	3,537,315	3,402,658	3,537,315	3,402,658
Financial liabilities				
Measured at fair value through the profit and loss account	1,445,000	325,000	1,445,000	325,000

Financial assets measured at fair value through the statement of financial activities are listed investments. Financial liabilities measured at fair value through the statement of financial activities is a defined benefit pension scheme liability.

32 Ark Enterprises Limited

The retail and catering businesses at Edinburgh Zoo and the Highland Wildlife Park are carried out by the Society's wholly owned subsidiary company, Ark Enterprises Limited (SC 121528), which is incorporated in the United Kingdom.

The turnover and net contribution to the Society from this company

	2020 £	2019 £
Turnover	2,504,179	4,889,754
Raw materials and consumables	(1,569,740)	(3,125,606)
Gross profit	<u>934,439</u>	<u>1,764,148</u>
Staff costs	(314,066)	(376,381)
Other operating charges	(341,830)	(371,388)
Other operating income	68,906	-
Tax on profit	(10,641)	(56,319)
Net profit for the year before gift aid donation	<u>336,808</u>	<u>960,060</u>
Gift aid donation to the Society	(336,808)	(960,060)
Shareholders' funds	<u>900</u>	<u>900</u>

The company donates all of its net distributable taxable profits to the Society under the gift aid scheme on an annual basis.

THE ROYAL ZOOLOGICAL SOCIETY OF SCOTLAND

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

33 Related party transactions

Ark Enterprises Ltd is RZSS's wholly owned subsidiary. Management charges of £190,000 (2019:£250,874), charitable donations of £336,808 (2019: £960,060) and staff costs recharged of £314,066 (2019: £376,381) were received in the year. There was a debtor due from the subsidiary of £1,527,114 (2019: £772,402) at the year end.

During the year the Society spent £4,725 (2019: £9,450) on an annual membership of the Scottish Environmental Link, an organisation whose Trustees include Deborah Long.

In 2019 the daughter of Alan Miller was employed by the Society.

34 Contingent asset

As at 31 December the Society had been notified of two legacies. In both cases the value of the legacy was uncertain as the executor was waiting for assets to be sold. The legacies have therefore not been accrued. It is estimated that the value of both legacies will exceed £100,000.

35 Ultimate controlling party

The charity is controlled by the Trustees.

36 Events after the reporting date

The Coronavirus pandemic continues to present challenges and risks to the business but in view of the substantial uncertainty related to the magnitude and duration, it is impossible to predict the impact of Coronavirus pandemic on its markets and activities. The Coronavirus pandemic is considered a non-adjusting subsequent event.